



One provision of the infrastructure bill can change the game for minority businesses

BY GARY CUNNINGHAM, OPINION CONTRIBUTOR — 11/15/21 01:31 PM EST

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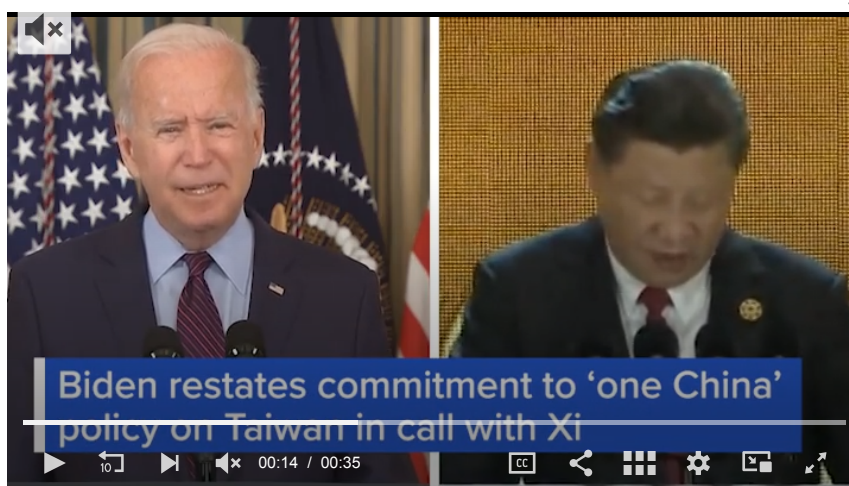
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With the recent passage of the bipartisan Infrastructure Investment and Jobs Act, one key element that has received little attention is the codification of the [Minority Business Development Agency \(MBDA\)](#).

When President Nixon established the MBDA by Executive Order in 1969, it became the first federal agency solely dedicated to the growth and global competitiveness of minority-owned business enterprises. Today, the MBDA remains the only government agency that is focused on providing access to capital, technical assistance and business development training to minority-owned businesses of ALL sizes. The MBDA plays a critical role in bridging the gap between minority-owned and white-owned businesses. Other government programs focus only on smaller businesses, leaving larger or even micro minority-owned firms behind. That is why the MBDA's role is so important — it creates opportunities for growth within minority-owned firms that do not typically qualify for acceleration and access programs designed for already successful businesses.

Codifying or making permanent through law the MBDA is important because the agency plays a key role in helping to increase economic prosperity for all American business enterprises. By providing technical training and assistance, import/export counseling and key business development services to POC-owned enterprises, the agency provides resources to minority-owned businesses that support our entire economy.

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Through various business centers, manufacturing centers, export centers and federal procurement centers, the MBDA helps businesses gain access to capital, markets and contracts nationwide. For example, in 2020, the MBDA helped to secure almost [\\$8 billion](#) in contracts and financial transactions for its clients, a whopping 50 percent increase from its 2019 numbers and demonstrating the proven success of the agency's track record — especially during the COVID-19 pandemic.

Prior to its recent codification, the MBDA's ability to innovate and grow to meet the needs of the next generation of diverse business owners was stifled because each year, the future of the agency would be uncertain. By making the MBDA permanent, the agency is now able to serve even more entrepreneurs at an expanded, increased capacity and scale. As a permanent agency, the MBDA is now empowered to expand the geographic reach of its services and partnerships by creating rural or regional offices to be administered through Historically Black Colleges and Universities (HBCUs) and other minority-serving institutions. A permanent MBDA will also increase its use of partnerships with private and non-profit organizations — a partnership that assists the MBDA in better understanding and serving the niche group of clients that its programs are geared towards.

Business ownership is fundamental for wealth creation and prosperity, however, due to the social and financial capital that entrepreneurship requires, business ownership in the United States remains far more prevalent among white entrepreneurs than entrepreneurs of color. For example, 94 percent of all businesses in the U.S. are microbusinesses (defined as those with fewer than 10 employees), yet only one out of five of these are minority-owned. [According](#) to our research, of these minority-owned micro and small businesses, 2.4 percent are Black-owned, 6.5 percent are Latinx-owned and 0.6 percent are Native American-owned. Even more disturbingly, minority-owned businesses are more likely than non-minority-owned businesses to be denied loans, earn less revenue on average and employ fewer people. Increasing these numbers is critical for racial economic justice, as small businesses are engines for community economic success.

In addition to fostering wealth creation for entrepreneurs of color, minority-owned businesses are more likely to impact their communities in ways that support overall economic growth. They are more likely to hire workers of color, offer needed services and goods in their neighborhoods and drive community-building initiatives in places that need it most. In a [2017 report](#), the Kauffman Foundation found that if minority-owned businesses were supported in the same ways as their white counterparts, they would account for at least 1 million additional employer businesses, with the potential to add over 9.5 million jobs to the U.S. economy. Thankfully, the provisions in the infrastructure package codifying the MBDA will enable the agency to expand its capacity and services to better reach and serve small and microbusinesses.

In my previous role, I served as president of the Metropolitan Economic Development Association (Meda) in Minneapolis, Minn., where I worked directly with the MBDA. Meda is the MBDA's local partner in the Minneapolis region, providing critical business development services to communities in need. Over my five years at Meda, we were able to help minority-owned businesses [create and retain 6,860 jobs, secure \\$86.2 million in lending capital and win \\$4.332 billion in corporate and governmental contracts](#) — due in large part to our collaboration with the MBDA headquarters.

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The data is equally clear that the ongoing COVID-19 pandemic has only exacerbated the existing inequalities that minority-owned small businesses face, in large part because entrepreneurs of color are more likely to own businesses such as [taxi service firms \(65 percent\)](#), [leisure and hospitality firms \(28 percent\)](#) and [restaurants \(37 percent\)](#). As the Delta variant prolongs the negative social, economic and health impacts of COVID-19, businesses in these industries fear they will not make it. With the added burdens of navigating the business landscape in such unprecedented times, the codification and expansion of the MBDA represents the first step towards ensuring an equitable and accessible recovery for America's economy.

By codifying the Minority Business Development Agency, and as a result, expanding its programmatic reach, budget and opportunities for public-private partnerships in the Infrastructure Investment and Jobs Act, this Congress made the once-in-a-generation choice to solidify support for minority-owned businesses — and set the American economy up for success for centuries to come.

Gary Cunningham is president and CEO of Prosperity Now. Since 1979, Prosperity Now has worked to make it possible for millions of people, especially people of color and those of limited incomes, to achieve financial security, stability and ultimately, prosperity.

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